



SMERA MFI Grading

M2

*(High capacity of the
MFI to manage its
operations in a
sustainable manner)*

SMERA MFI Grading

**NEW OPPORTUNITY CONSULTANCY
PRIVATE LIMITED**



To verify the grading, please scan the QR Code

Date of Report:

24th August, 2024

Valid Till:

23rd August, 2025

Conflict of Interest Declaration

SMERA (including its holding company and wholly owned subsidiaries) has not been involved in any assignment of advisory nature for a period of 12 months preceding the date of the MFI grading. None of the employees or the Board members of the SMERA have been a member of the Board of Directors of the MFI for a period of 12 months preceding the date of the comprehensive grading.

Disclaimer

SMERA's Ratings / Gradings / Due Diligence and other credit assessment related services do not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a buyer's or lender's independent assessment. Rating / Grading / Due Diligence are based on the information provided by the rated entity and obtained by SMERA from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true and correct, SMERA makes no representation or warranty, expressed or implied with respect to the accuracy, adequacy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability, whatsoever, for any direct, indirect or consequential loss of any kind arising from the use of its Ratings / Gradings / Assessments.

Historical Rating Grades

Date	Rating Agency	Rating/Grading
August 31, 2023	SMERA	M2
SEPTEMBER 13, 2022	SMERA	M2C2
SEPTEMBER 17, 2021	SMERA	M2
JULY 12, 2019	ICRA	M2
JUNE 18, 2018	ICRA	M3+

SMERA's MFI Grading Scale

Grading Scale	Definitions
M1	Highest capacity of the MFI to manage its operations in a sustainable manner.
M2	High capacity of the MFI to manage its operations in a sustainable manner.
M3	Above average capacity of the MFI to manage its operations in a sustainable manner
M4	Average capacity of the MFI to manage its operations in a sustainable manner
M5	Inadequate capacity of the MFI to manage its operations in a sustainable manner
M6	Low capacity of the MFI to manage its operations in a sustainable manner.
M7	Very low capacity of the MFI to manage its operations in a sustainable manner
M8	Lowest capacity of the MFI to manage its operations in a sustainable manner

Disclaimer: MFI Grading is not a comment on debt servicing ability, not a buy-sell recommendation and must not be used for raising fund.



To verify the grading, please scan the QR Code

Company Fact Sheet

Name of the MFI	: New Opportunity Consultancy Private Limited	
Operational Head – Microfinance Business	: Name	Mr. Loganathan R/ Mr. Chandra Mohan. V
	: Designation	Chief Financial Officer/ Chief - Operations
	: Mobile No.	9843022007 / 9626212220
	: Email ID	chandramohan.v@nocpl.in loganathan.r@nocpl.in
	: Date of Joining	February 01, 2016
	Date of Incorporation/Establishment	: January 15, 2014
Date of commencement of microfinance business	: June, 2014	
Legal Status	: NBFC-MFI	
Business of the company	: Exclusively for Business Correspondent to Banks	
Correspondence Address	: 7th floor, No.707/708, Cyber One, Plot No 4 & 6, Sector No. 30A, Vashi, Navi Mumbai Thane 400703 India	
Geographical Reach (As on 30/Jun/2024)	: No. of States	17
	: No. of Districts	285
	: No. of Branches	825
	: No. of Active Borrowers	12,74,710
	: No. of Total Employees	6,588
	: No. of Field/Credit Officers	4,778
No. of BC Partner (As on June 30, 2024)	: 16	
Statutory Auditors	: Haribhakti & Co LLP	

NOCPL is not registered with RBI as a NBFC-MFI Hence RBI rules are not applicable to them, it is working as a Business correspondence partner with various Banks and NBFCs. As the company is engaged in microfinance activity as a business correspondence hence the report has been prepared based on that.

Background:

New Opportunity Consultancy Private Limited herein referred, as NOCPL is a Business Correspondent (BC) to multiple Banks/Financial Institutions. NOCPL was founded by the promoters of Suryoday Small Finance Bank, Mr. Ganesh Rao and Mrs. Meenakshi Rao, on January 2014. It acquired a section 8 company, Indian Association for Savings and Credit (IASC), which was promoted by HDFC Ltd. and PWDS (NGO) in 1998 and was engaged in Microfinance and Business Correspondent business.

Product Profile

Product	Description	Loan size (Rs.)	Interest Rate (In %) Reducing Balance	Processing Fees (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
Group Loan	Direct Agri & Allied, Micro Economic Activity	10,000-60,000	23.00-27.00	1% PF+ 18% ST on PF	24.00-28.00

Capital Structure (as on June 30, 2024)

Authorized Capital	6.60 Crore
Paid Up Capital	5.35 Crore

Shareholding Pattern (as on June 30, 2024)

Name of Proprietor/ Partner / Shareholders	Shares in %
Mr. Ganesh Rao	49.93
Mrs. Meenakshi Rao	43.40
Mr. Jasbinder Singh Toor	6.67
Total	100.00

Board of Director's/Promoter's Profile

Director Details		Profile
Name:	Mr. Ramachandra Kasargod Kamath	Mr. R. K. Kamath has been a chairman of Indian Banks' Association, Institute of Banking Personnel Selection and PNB Housing Finance Limited and has also served as a Managing director on the boards of Punjab National Bank and Allahabad Bank. He has 38 years of vast experience in banking sector facilitating development of sound and progressive banking policies.
Designation:	Chairman & Non-Executive Director	
Qualification:	Graduate (B.Com)	
Name:	Mr. Mohan Vasant Tanksale	Mr. Mohan Tanksale is a Fellow member of the Institute of Cost & Management Accountants of India (FCMA), Company Secretary (Inter) of the Institute of Company Secretaries of India, CAIIB and also holds Bachelor degree of Science and a Master degree in English Literature. He as a Chief Executive of IBA, is on several Committees and Governing Councils like Member on the Board of International Banking Federation (IBFed), Member of the Governing Council of Institute of Banking & Personnel Selection Member, RBI Standing Advisory Committee for Urban Co-op Banks. He has also served as a director on the boards of Life Insurance Corporation of India, Indo Zambia Bank Ltd., Zambia, Africa and Subsidiaries of Punjab National Bank of India and Central Bank of India.
Designation:	Independent Director	
Qualification:	CMA, B.Sc., PG (English Literature)	
Name:	Dr. Ambadas Mukundrao Pedgaonkar	Dr. Ambadas Pedgaonkar is retired as Principal Adviser from Reserve Bank of India and has served as the Chief Advisor in Indian Banks' Association in the past. He has extensive experience in the banking and financial services sector, having worked with Reserve Bank of India for over three decades. His specialty is in Project Management, Setting-up Data Centre, Payment and Settlement Systems, Real-
Designation:	Independent Director	
Qualification:	Post Graduate (M.Sc. PhD [Statistics], CISA and CISM)	

		Time Gross Settlement (RTGS) Systems, Cheque Truncation System, Information and Communications Technology, Information Security, Payment Systems Infrastructure.
Name:	Mr. Ganesh Ramanand Rao	Mr. Ganesh Rao has more than two decades of experience in the banking and financial sector. He has worked with Cholamandalam, GE Capital and DCB Bank in the past. In 2009, he co-founded Suryoday Microfinance, a leading MFI institute in India. Post his successful exit from his first entrepreneurial venture, he has ventured into a credit driven Business Correspondent company with primary focus on financial inclusion.
Designation:	Managing Director and CEO	
Qualification:	BCOM, MEP(IIM Calcutta)	
Name:	Mrs. Meenakshi Ganesh Rao	Mrs. Meenakshi Rao is a management graduate from Pune and is a certified yoga coach. Her keen interest in human development for an inclusive society has motivated her to co found this venture.
Designation:	Executive Director	
Qualification:	Graduate (Management)	

SMERA Observations:

- NOCPL has five-member board. Board members have extensive experience in microfinance, finance, banking and development sectors.
- SMERA believes that a well-diversified board, including a proportionate composition of independent directors, augurs well from a strategic perspective.
- The company has 40% of its board members as Independent directors.
- The board of NOCPL has remained unchanged since the last financial year.

Management Profile

Management Details		Profile
Name:	Mr. Ganesh Rao	Mr. Ganesh Rao has more than two decades of experience in the banking and financial sector. He has worked with Cholamandalam, GE Capital and DCB Bank in the past. In 2009 he co - founded Suryoday Microfinance, a leading MFI institute in India. Post his successful exit from his first entrepreneurial venture, he has ventured into a credit driven BC (Business Correspondent) company with primary focus on financial inclusion.
Designation:	Chief Executive Officer	
Qualification:	BCOM, MEP. (IIM Calcutta)	
Name:	Mr. Sivakumar J. R.	Mr. Sivakumar J. R. has more than 15 years of experience in the Financial Sector. Prior to joining New Opportunity, he was the Business Head - BC operations in Indian Association for Savings and Credit (IASC), a fully owned subsidiary of New Opportunity and a not for profit company.
Designation:	Chief Operating Officer - South	
Qualification:	Post-graduate (Economics)	
Name:	Mr. Pradeepta Kishore Dash	Mr. Pradeepta Dash is a banking and finance professional with 20 years of exceptional Technical, Managerial and Administrative abilities in Asset department. Prior to joining New Opportunity he has worked with reputed organizations like, TATA Finance Ltd., ICICI Bank, HDFC Bank and Suryoday Small Finance Bank Limited at leadership positions.
Designation:	Chief Audit officer	
Qualification:	MBA	
Name:	Mr. R. Loganathan	Mr. R. Loganathan has more than 15 years of experience in the Financial Sector. Prior to joining New Opportunity, he was the CFO in Indian Association for Savings and Credit (IASC), a fully owned subsidiary of New Opportunity and a not for profit company.
Designation:	Chief Financial Officer	
Qualification:	M.Sc-IT	
Name:	Mr. Ravi K. Tuli	Mr. Ravi K. Tuli has 22 years of experience in Automobile, Insurance and Financial Sector. Prior to joining New Opportunity, he has worked with Cholamandalam, DCB Bank, Bharti Axa & Suryoday SFB.
Designation:	Chief Operating Officer - West	
Qualification:	Management graduate (Marketing)	
Name:	Mr. Payodhi Mishra	Mr. Payodhi has has more than 15 years of experience in project life cycle from
Designation:	Chief Technology Officer	

Qualification:	MBA (IT & Systems), B.E (Electronics and Instrumentation)	successful initiation, planning, execution as well as delivery of projects in diverse range of technologies. He is skilled with Agile software development methodologies like scrum iterative process and ITIL. Prior to joining New Opportunity, he has worked with Larsen & Toubro Limited (EBG) and FINO Paytech Ltd.
Name:	Mrs. Meenakshi Rao	Mrs. Meenakshi Rao is a management graduate from Pune and is a certified yoga coach. Her keen interest in human development for an inclusive society has motivated her to co found this venture.
Designation:	Head- HR	
Qualification:	Graduate (Management)	
Name:	Mr. Chandra Mohan V.	Mr. Chandra Mohan has 15 Years of wide experience in NBFCs. Prior to joining New Opportunity, he has worked with Bajaj Auto Finance Ltd. and Fullerton India Ltd. in various departments.
Designation:	Head - Quality & Operations	
Qualification:	Graduate	
Name:	Mrs. Suvarnalata Gurav	Mrs. Suvarnalata Gurav has over 8 years of experience in corporate law, governance and contract management related matters. Prior to joining New Opportunity Consultancy Private Limited, she was Company Secretary & Legal Head with SMS Integrated Facility Private Limited for 2 years. She also worked as the Company Secretary and Compliance Officer of NHC Foods Limited (BSE Listed) for 6 years.
Designation:	Company Secretary	
Qualification:	CS and LLB	
Name:	Mr. Pradip Kundu	Mr. Pradip Kundu has an experience of around 36 years with Industrial Development Bank of India (IDBI) and IDBI Bank Ltd. in various capacities. In his last 10 years' service in IDBI, he was involved in servicing and handling customer grievances, Bond Issuances and also instrumental in implementing BC/BF Model for augmenting Bank's Priority Sector business.
Designation:	Head - Risk & Policy (on contract)	
Qualification:	Honors Graduate (Economics)	
Name:	Mr. Sunil Chavan	Mr. Sunil S. Chavan is a Certified Associate of Indian Institute of Banking & Finance (IIBF). He also holds a Certificate in Financing to MSMEs from IIBF. With 37 years of wide experience in Banking Sector at various levels including branch banking and internal audit, he worked as General
Designation:	Head - Liabilities	
Qualification:	Graduate (B.Com)	

		Manager in MSME Vertical and Fintech Division of Central Bank of India.
Name:	Mr. Balaji M	Mr. Balaji M is a banking and finance professional with 23 years of extensive experience in business, credit, risk management, and operations. Prior to joining New Opportunity, he worked with reputed organizations like Bajaj Finance, Fullerton India, HDFC Bank, Swarna Pragati Housing Microfinance, Manappuram SME, and LaRaksha Impact Finance Enterprise in leadership positions.
Designation:	Chief Credit Officer	
Qualification:	MBA, MCA, and B.Sc in Computer Science	

SMERA Observations:

- NOCPL senior management has adequate experience across sectors such as microfinance, banking, finance, audit, IT, risk and development sector.
- NOCPL has dedicated department wise / function wise heads and no major functional overlaps have been observed.
- A majority of the senior management members have been associated with it for long tenure and have risen from ranks.
- The senior management reports to the CEO & MD, except in areas of internal audit, in which they report directly to the board of directors.

Financial Snapshot (In Rs. Crores)

Particulars	31/03/2022	31/03/2023	31/03/2024
Total AUM (in Crores)	2,279.95	2,748.85	3,303.97
On Balance Sheet Portfolio Outstanding (in Crores)	0.00	0.00	0.00
BC/Managed Portfolio (in Crores)	2,279.95	2,748.85	3310.02
Total Equity (in Crores)	48.63	50.14	70.22
Total External Borrowings (in Crores)	36.52	46.60	38.45

Particulars	31/03/2022	31/03/2023	31/03/2024
Financial Revenue from Operations (in Crores)	200.83	225.26	278.09
Finance Expenses (in Crores)	7.41	10.18	12.35
Operating Expenses (in Crores)	200.71	198.83	235.03
Net Income before Tax (In Crores)	(36.01)	3.05	16.16
Net Income (After Taxes and Extraordinary Items) (in Crores)	(-28.41)	1.21	19.43

Particulars	31/03/2022	31/03/2023	31/03/2024
Operational Self Sufficiency (%)	84.80	101.37	106.17
Operating Expense Ratio (OER) (%)	9.07	7.07	8.41
Portfolio at Risk (>30 days) (%)	8.26	0.61	3.91
Debt to Equity ratio (in times)	1.01	1.24	0.79

Highlights of Microfinance Operations

Particulars	31/Mar/2022	31/Mar/2023	31/Mar/2024	30/Jun/2024
No. of States	13	15	17	17
No. of Districts	220	245	285	285
No. of Branches	604	731	806	825
No. of Active Members	1182611	996115	1233849	1274710
No. of Active Borrowers	1182611	1398765	1233849	1274710
No. of Total Employees	4641	5427	6733	6588
No. of Field/Credit Officers	3428	3926	4627	4778
No. of SHGs	10686	6927	53966	49911
No. of JLGs	186280	151342	11798883	1224799
Managed/BC Portfolio				
Particulars	31/Mar/2022	31/Mar/2023	31/Mar/2024	30/Jun/2024
Total portfolio outstanding (in crore)	2279.95	2748.85	3310.02	3303.97

Loan utilisation schedule:

Loan Utilisation	31/Mar/2022 (%)	31/Mar/2023 (%)	31/Mar/2024 (%)	31/Jun/2024 (%)
Agriculture	74	72	75	74
Cattle	0	0	0	0
Business	26	28	25	26
Consumption	0	0	0	0
Total	100.00	100.00	100.00	100.00

Microfinance Capacity Assessment Grading Rationale

Operating Environment

- The outbreak of COVID-19 had significantly impacted the operations of Micro Finance Institutions (MFIs). The MFI sector which has registered the CAGR growth of over 35% in last five years, amidst this pandemic crisis, faces serious challenges on collections, asset quality and cash flow management. Due to the moratorium, the collection level has been severely impacted in turn affecting cash flow and ALM.
- The industry started to gain momentum in Q2-FY2021 with the ease of nationwide lockdown. Broadly, the disbursement was back to pre-covid level as on December, 2020. Disbursements have partly picked up since many players are resorting to lending to existing borrowers so as to help them repay and tide over the stress.
- In the context of the re-emergence of asset quality stress in the second wave of COVID 19, RBI's measures to provide better funding access to the sector came in a timely manner. RBI has announced in its latest relief package on May 5, 2021 that SFBs can tap a Rs 10,000 Cr special long -term repo operations (SLTRO) funding programme which can provide funds at the repo rate of 4.0% for a tenor upto 3 years.
- The sector started showing improvements right from the Q1 of FY 2023 as Y-O-Y growth was almost close to the pre-pandemic level and overall on-time repayment rate surpassed than 95% backed by the revival of demand and improvement in overall business environment. By the end of Q3 of FY 2023 PAR> 30 days and PAR> 60 days improved to 3.43% and 2.60% whereas overall NPA of the sector also improved to 1.76% by the same period of time. Total AUM of the sector stood at Rs. 3.24 Lakh Crore by the end of Q3 of FY 2023 registering a growth of 26.19% on Y-O-Y basis.
- SMERA estimates the industry's PAR>30 days and PAR>90 days to be less than 3% and 1.50% respectively at the end of FY 2024. Further, the asset quality is expected to stabilise in FY2025 and on-time repayment rate expected to be close to the pre-covid level.

Long track record of operations and extensive industry experience of promoters

- New Opportunity Consultancy Private Limited herein referred, as NOCPL is a Business Correspondent (BC) to multiple Banks/Financial Institutions. NOCPL was founded by the promoters of Suryoday Small Finance Bank, Mr. Ganesh Rao and Mrs. Meenakshi Rao, on January 2014. It acquired a section 8 company, Indian Association for Savings and Credit (IASC), which was promoted by HDFC Ltd. and PWDS (NGO) in 1998 and was engaged in Microfinance and Business Correspondent business.
- Mr. Ganesh Rao has more than two decades of experience in the banking and financial sector. He has worked with Cholamandalam, GE Capital and DCB Bank in the past. In 2009. He co – founded Suryoday Microfinance, a leading MFI institute in India. Post his successful exit from his first entrepreneurial venture, he has ventured into a credit driven BC (Business Correspondent) company with primary focus on financial inclusion.
- Mrs. Meenakshi Rao is a management graduate from Pune and is a certified yoga coach. Her keen interest in human development for an inclusive society has motivated her to co found this venture. Mrs. Rao is associated as an executive director.
- NOCPL has five-members in its board as on March 31, 2024 having extensive experience in the banking, microfinance and social development space. The board has two promoter Directors and two Independent Directors with banking & microfinance expertise.
- NOCPL’s core management team and second line of management has an adequate understanding of MFI ecosystem with vast experience in banking, finance and microfinance.

Diversified resource profile

- As on June 31, 2024 the company has been working as Banking Correspondent for 16 Banks and NBFCs. The company is earning commission from interest income on total outstanding loan portfolio.
- The details of BC partners in mentioned in the following table:

Sl. No	BC Partner	Credit Limit	No. of Branches	AUM (in Rs. Cr.)	Model
1	RBL Bank	750	106	541.19	Non FLDG
2	Piramal Capital	750	131	495.37	Non FLDG
3	Northern Arc	150	31	134.30	Non FLDG
4	Yes Bank	735	176	642.93	FLDG
5	DCB Bank	400	76	316.97	FLDG
6	Equitas SFB	350	68	288.01	FLDG
7	IDBI Bank	200	27	115.39	FLDG
8	IDFC First Bank	100	9	43.25	FLDG
9	Shivalik SFB	200	47	140.62	FLDG

10	Fincare SFB	100	25	64.92	FLDG
11	Kotak Mahindra Bank	100	14	50.94	FLDG
12	Utkarsh SFB	100	24	65.83	FLDG
13	Axis Bank	100	18	91.65	FLDG
14	South Indian Bank	200	30	160.64	FLDG
15	Karur Vysya Bank	200	41	151.67	FLDG
16	Vivriti Capital	50	2	0.29	FLDG
Total		4485	825	3303.97	

Income and Profitability

Particulars	FY 2022	FY 2023	FY 2024
Net financial margin (In thousands)	20,08,261	20,18,749	25,11,857
Operating expenses (In thousands)	(2,88,196)	19,88,266	23,50,270
Operational Self Sufficiency (%)	84.80	101.37	106.17
Operating Expense Ratio (OER) (%)	9.07	7.07	8.41

- NOCPL has reported net profit of Rs.19.43 crore on operating income of Rs.278.09 crore in FY2024. In FY2023, NOCPL had reported net profit of Rs.1.21 crore on operating income of Rs.225.26 crore.

As on June 30, 2024, the company's outstanding loan portfolio has increased to Rs.3303.97 crore as compared to Rs. 2,748.85 crores as on March 31, 2023.

The operational self-sufficiency (OSS) of the company has increased to 106.17 % in FY2024 as compared to 101.37% in the previous year. The company's operating expense stood at 8.41% in FY2024 as compared to 7.07% in the previous year.

Well-Diversified geographical reach

Particulars	31/Mar/2022	31/Mar/2023	31/Mar/2024	31/Jun/2024
No. of States	13	15	17	17
No. of Districts	220	245	285	285
No. of Branches	604	731	806	825

- NOCPL is currently operating in 17 states in 285 districts with 825 branches serving more than twelve lakhs borrowers as on June 30, 2024.
- There is not a single state where the portfolio concentration exceeds 25%. as on June 30, 2024.
- In order to mitigate any potential risk arising out of geographical concentration, NOCPL has been diversify its presence across the states.

Name of the State	No. of Branches	No. of Borrowers	Portfolio o/s (in crore)	PAR % (>30 days)	% of Total Portfolio o/s
Assam	18	35,686	91.14	0.14	2.76
Bihar	66	1,03,617	214.52	6.55	6.49
Chhattisgarh	13	16,433	36.92	6.51	1.12
Gujarat	27	33,835	95.88	5.22	2.90
Haryana	14	10,495	24.10	14.47	0.73
Karnataka	101	1,84,873	496.39	1.76	15.02
Kerala	56	1,08,537	299.38	3.54	9.06
Madhya Pradesh	54	68,680	171.84	7.01	5.20
Maharashtra	55	84,230	235.75	2.72	7.14
Odisha	64	97,938	217.46	6.17	6.58
Pondicherry	2	4,746	13.52	2.18	0.41
Rajasthan	37	50,647	117.89	6.32	3.57
Tamil Nadu	177	2,79,280	763.43	2.71	23.11
Tripura	0	6,165	11.12	2.86	0.34
Uttar Pradesh	83	1,48,081	345.12	7.00	10.45
Telangana	48	37,843	152.66	0.00	4.62
Andhra Pradesh	10	3,624	16.87	0.00	0.51
Total	825	12,74,710	3303.97	3.91	100.00

- However, it would also be key grading sensitivity factor for the company to replicate its systems, processes and sound asset quality in the newer geographies while improving portfolio diversity.

Average Productivity and efficiency of employees

Particulars	31/Mar/2022	31/Mar/2023	31/Mar/2024	31/Jun/2024
No. of States	13	15	17	17
No. of Districts	220	245	285	285
No. of Branches	604	731	806	825
No. of Active Members	1182611	996115	1233849	1274710
No. of Active Borrowers	1182611	1398765	1233849	1274710
No. of Total Employees	4641	5427	6733	6588
No. of Field/Credit Officers	3428	3926	4627	4778
No. of SHGs	10686	6927	53966	49911
No. of JLGs	186280	151342	1179883	1224799
No. of Individual Loans	0	0	0	0

Financial Ratios	31/Mar/2022	31/Mar/2023	31/Mar/2024
No. of Active Borrowers Per Staff Member	254	201	183
No. of Active Borrowers per field executives	345	274	267
No. of active borrowers per branch	1,958	1,556	1,697
Gross Portfolio o/s per field executive (Rs in thousands)	6,456	6,746	5,941
Average Outstanding Balance per client (in INR)	18,716	24,588	22,279

- The company's branch network has increased from 731 branches as on 31st March, 2023 to 825 branches as on June 30, 2024 serving more than 12 lakh borrowers.
- NOCPL's field productivity remains above average in comparison to its peers; field outreach and asset productivity indicators of the company have been stable over the years.
- The company would be required to register a consistent improvement in productivity whilst diversifying its operations.

Sound asset quality

- NOCPL has maintained sound asset quality with on-time repayment rate of 95.08% as on June 30, 2024.

Period	FY 2022	FY 2023	FY 2024	June 2024
	Portfolio o/s	Portfolio o/s	Portfolio o/s	Portfolio o/s
On-time (in crore)	1,923.37	2,460.37	3194.87	3141.77
1-30 days (in crore)	107.23	2.68	18.15	33.40
31-60 days (in crore)	51.01	2.41	15.60	19.84
61-90 days (in crore)	45.09	2.08	12.60	16.67
91-180 days (in crore)	35.39	5.22	29.62	36.63
181-360 days (in crore)	34.44	4.82	24.93	42.79
> 360 days (in crore)	16.87	0.54	14.24	13.22
Write-off (in crore)	0.00	0.00	0.00	0.00
Total	2,213.42	2478.13	3310.02	3303.97
On-time (in %)	86.90	99.28	96.52	95.08
PAR 0-30 days (in %)	4.84	0.11	0.55	1.01
PAR >30 days (in %)	8.26	0.61	2.93	3.91
PAR >90 days (in %)	3.92	0.43	2.08	2.80

- The PAR 0-30 days stood at 1.01% as on June 30, 2024 as compared to 0.11% as on March 31, 2023. The PAR >30 days increase to 3.91% as on June 30, 2024 from 0.61% as on March 31, 2023.

- Adequate credit appraisal processes, monitoring and risk management mechanisms is critical to keep asset quality indicators under control.

Adequate IT Systems Audit Mechanism

- NOCPL has robust MIS and IT infrastructure to cater to the current and future needs of the Company. The company has recently migrated to new software, i.e. BR.NET which has specifically designed to enhance the productivity, business intelligence and to get complete solutions for its processes and risk management. This software is a complete ERP based Core Micro finance solution with automated Credit Bureau Check, Automated Credit and Risk Check, De-Duplication Check, Matrix Based Loan Sanction, Strong BRS System, Hierarchy wise Dashboard; Event based SMS and Email Alerts and other functionalities which would ease down operational processes to large extent.
- **Credit Bureau Checks**
The entity conducts compulsory credit bureau check of its borrowers from Equifax and High Mark.
- **Helpline Number**
The company has a dedicated helpline number, where calls are recorded automatically and addressed within 7 working days.
- **Internal Audit Process**
The company has a dedicated team of internal auditors who undertakes compulsory branch and borrower audit once in a quarter. All audits are surprise audits.

Inherent risk prevalent in the microfinance sector

- NOCPL's business risk profile is susceptible to regulatory and legislative risks, along with the inherent risk exist such as unsecured nature of lending, vulnerable customer profile and exposure to vagaries of political situation in the area of operation.

Financials

Profit & Loss Account (Rs. In Thousands)

Period	FY 2022	FY 2023	FY 2024
Months	12	12	12
Financial revenue from operations	20,08,261	22,52,629	27,80,937
Less - Financial expenses from operations	74,069	1,01,813	1,23,497
Gross financial margin	19,34,192	21,50,816	26,57,440
Provision for Loan Loss	2,86,700	1,32,067	1,45,583
Net financial margin	16,47,492	20,18,749	25,11,857
<u>Less - Operating Expenses</u>			
Personnel Expense	12,95,245	14,48,746	17,07,030
Depreciation and Amortization Expense	23,845	31,059	37,859
Other Administrative Expense	6,88,491	5,08,461	6,05,381
Net Operating Income	(3,60,089)	30,483	1,61,587
Deffered Tax charge	(75,945)	27,917	(36,257)
Taxation for Previous Years	0	(9,487)	3,582
Other Comprehensive Expense	(4,052)	0	0
Net Income	(2,84,144)	12,053	1,94,262

Note: Above financials are audited.

Balance Sheet (Rs in Thousands)

As on date	31/Mar/2022	31/Mar/2023	31/Mar/2024
SOURCES OF FUNDS			
Capital			
Share Capital	53,575	53,575	53,575
Reserve & Surplus	4,32,705	4,47,794	6,48,656
Total Capital	4,86,280	5,01,369	7,02,231
Liabilities			
Short-Term Liabilities			
Commercial Loans from banks/FI	0	2,64,798	2,40,336
Account payable & Other short-term liabilities	2,81,520	2,52,148	3,11,196
Total Short-Term Liabilities	2,81,520	5,16,946	5,51,532
Long-Term Liabilities			
Long-Term Borrowings			
Commercial Loans from banks/FI	3,18,838	2,01,190	1,44,160
Unsecured Loans from subsidiary company	1,69,897	1,55,344	1,73,489
Total Long-Term Borrowings	4,88,735	3,56,534	3,17,649
Total Other Liabilities	7,70,255	8,73,480	8,69,181
Provision for Standard Assets	2,86,700	1,25,018	1,41,976
Other Provisions	33,796	34,059	24,897
TOTAL LIABILITIES	15,77,031	15,33,926	1,66,873

As on date	31/Mar/2022	31/Mar/2023	31/Mar/2024
APPLICATION OF FUNDS			
<u>Fixed Assets</u>			
Net Block	61,200	70,564	2,06,790
Investment	18,050	18,050	30,850
Cash and Bank Balances	1,12,630	73,345	1,58,434
Cash Collateral (Margin Money)	8,39,400	9,04,422	7,61,024
Loans & Advances to Related Parties	1,329	1,495	2,957
Accounts Receivable And Other Assets	4,51,362	4,07,832	4,91,675
Intangible Assets	15,553	9,649	3,949
Deferred Tax Asset	77,507	48,569	82,606
TOTAL ASSETS	15,77,031	15,33,926	17,38,285

Financial Ratios

Financial Ratios	31/Mar/2022	31/Mar/2023	31/Mar/2024
	12	12	12
<u>Productivity/Efficiency Ratios</u>			
No. of Active Borrowers Per Staff Member	254	201	183
No. of Active Borrowers per field executives	345	274	267
No. of members per Branch	1,958	1,556	1,531
Gross Portfolio o/s per field executive (in thousands)	6,456	6,746	7,154
Average Outstanding Balance per client (in Rs)	18,716	24,588	26,827
<u>Profitability / Sustainability Ratios</u>			
Operational Self Sufficiency (%)	84.80	101.37	106.17
Operating Expense Ratio (OER) (%)	9.07	7.07	8.41
Portfolio at Risk (>30 days) (%)	8.26	0.61	3.91
<u>Leverage Ratios</u>			
Total Outside Liabilities to Tangible Networth Ratio (Times)	1.58	1.74	1.24
Debt/Equity Ratio (Times)	1.01	1.24	0.79

Grading Methodology

A) Operational Track Record

Business Orientation and Outreach of the MFI is an important parameter to gauge the growth strategies of the MFI and to assess its strategies for development. This parameter is analysed using the following sub-parameters.

- Direction & Clarity
- Ability to raise funds
- Degree of association with promoter institution
- Alternate avenues for funds
- Outreach (No. of offices, No. of clients, No. of employees, Portfolio diversification)

B) Promoters & Management Profile

The elements in this parameter helps in assessing the Promoter & management quality evaluated on the basis of the basic educational qualification, professional experience of the entrepreneur; and business attitude that is related to the motivation of carrying out the business and pursuing business strategies. This parameter is analysed using the following sub-parameters.

- Past experience of the management
- Vision and mission of the management
- Profile of the Board Members
- Policies and Processes
- Transparency and corporate governance

C) Financial Performance

SMERA analyses the credit worthiness of the organization through the following financial parameters. Various financial adjustments are done to get more accurate ratios for comparison. Financial analysis helps the MFI to know its financial sustainability. This parameter is analysed using the following sub-parameters.

- Capital adequacy
- Profitability/Sustainability ratios
- Productivity and efficiency ratios
- Gearing and Liquidity ratios

D) Asset Quality

The loan portfolio is the most important asset for any MFI. SMERA analyses the portfolio quality of the MFIs by doing ageing analysis, sectoral analysis, product wise analysis etc. SMERA compares the portfolio management system with organizational guidelines and generally accepted best practices. This parameter is analysed using the following sub-parameters.

- Ageing schedule
- Arrears Rate / Past Due Rate
- Repayment Rate
- Annual Loan Loss Rate

E) System & Processes

SMERA analyses the policies and processes followed by the MFIs, their ability to handle volume of financial transactions, legal issue and disputes, attrition among the employees and client drop out which impact the productivity of the organization. SMERA also analyses asset liability maturity profile of the MFI, liquidity risk and interest rate risk. This parameter is analysed using the following sub-parameters.

- Operational Control
- Management Information System
- Planning & Budgeting
- Asset Liability Mismatch



About SMERA Gradings & Ratings

SMERA, widely known as 'The SME Rating Agency', was conceptualised by Ministry of Finance, Govt. of India and the Reserve Bank of India to help Indian MSMEs grow and get access to credit through independent and unbiased credit opinion that banks can rely on. Thus, SMERA became world's first MSME focused rating agency and introduced the concept of SME Ratings in India. SMERA offers SME Ratings, New Enterprise Credibility Scores, SME Credit Due Diligence and SME Trust Seal to Indian MSMEs to help lenders take informed decisions.

SMERA is a wholly owned subsidiary of Acuité Ratings & Research Limited. Acuité, a joint initiative of Small Industries Development Bank of India (SIDBI), Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India, is registered with SEBI as a credit rating agency.

© 2024 SMERA Ratings Private Limited

Registered Office

905, Lodha Supremus, Lodha
iThink Techno Campus, Near
Kanjurmarg Railway Station,
Kanjurmarg (East)
Mumbai - 400 042
Tel: +91 22 6714 1111
Email - info@acuite.in

Website: www.smeraonline.com